

(g) When the construction is completed to the borrower's satisfaction, the borrower shall obtain from the contractor a final invoice and an executed copy of RUS Form 743, Certificate of Contractor and Indemnity Agreement.

(h) The closeout document for the Form 773 contract is RUS Form 771. See §1753.81 for the requirements for completing Form 771.

(i) An original and two copies of Form 771 shall be sent to the GFR. The GFR may inspect the construction, and will initial and return the original and one copy to the borrower.

(j) The original Form 771 shall be submitted with an FRS to RUS only in conjunction with a request for an advance of loan funds for the work.

[59 FR 43717, Aug. 25, 1994]

**§§ 1753.51—1753.55 [Reserved]**

**Subpart G—Outside Plant Major Construction by Force Account**

SOURCE: 55 FR 3572, Feb. 2, 1990, unless otherwise noted. Redesignated at 55 FR 39397, Sept. 27, 1990.

**§ 1753.56 General.**

(a) This subpart implements and explains the provisions of the loan documents setting forth the requirements and the procedures to be followed by borrowers for outside plant major construction by the force account method with RUS loan funds. Terms used in this subpart are defined in §1753.2 and RUS Contract Form 515.

(b) A borrower shall not use the force account method for construction financed with loan funds unless prior RUS approval has been obtained.

(c) Generally, RUS will not approve the force account method for major outside plant construction for the initial loan to a borrower.

(d) The Force Account Proposals (FAPs) are subject to review and approval by RUS.

(e) The FAP is approved by RUS on the basis of estimated labor and material costs. The FAP is closed based on the borrower's actual cost of performing the construction. RUS will provide loan funds only up to the amount determined by the completed assembly

units priced at the unit prices in the approved FAP.

(Approved by the Office of Management and Budget under control number 0572-0062)

**§ 1753.57 Procedures.**

(a) *The request.* (1) The borrower shall submit to RUS a certified copy of the board resolution or a letter signed by an authorized corporate official requesting approval to use the force account method of construction. The request shall state the advantages of the force account method of construction and provide the following information:

(i) The scope of the construction to be undertaken, stating briefly the facilities and equipment to be installed and other pertinent data.

(ii) The name and qualifications of the construction supervisor who will be directly in charge of construction, the names and qualifications of the construction foremen, and the availability of qualified construction personnel. The construction supervisor must have at least 5 years outside plant construction experience with at least 2 years at the supervisory level on RUS financed projects. Construction foremen must have at least 3 years of outside plant construction experience.

(iii) The availability of equipment for construction, exclusive of equipment needed for normal operation and maintenance.

(2) [Reserved]

(b) *Force Account Proposal (FAP).* Upon receiving RUS approval to use the force account method, the borrower, prior to any construction activity or the purchase of materials or equipment, shall submit to RUS two copies of its FAP. The FAP shall consist of:

(1) The RUS Contract Form 515 and appropriate supporting attachments that normally would be provided as plans and specifications for contract construction. See §1753.47.

(2) The cost estimate, using Form 515 as a convenient means of showing the following:

(i) The quantity and cost estimates of the various assembly units required. "Labor and other" cost will not include the cost of engineering, legal,

and other professional services, interest during construction, preliminary survey and investigation charges, and right-of-way easement procurement costs.

(ii) A list identifying materials or construction for which loan funds will not be requested.

(3) The estimated completion time.

(c) *Storage of materials.* All materials ordered for the construction shall be stored separate from normal maintenance materials.

(d) *Construction—(1) Preconstruction conference.* The borrower shall arrange a conference, attended by the manager, construction supervisor, construction foremen, resident engineer and the GFR prior to the beginning of construction to clarify any questions pertaining to the construction. Notes of the conference shall be provided to each conference participant.

(2) *Construction schedule and progress reports.* The borrower shall obtain from the engineer a construction schedule and submit one copy to the GFR. The schedule shall include the starting date and a statement indicating that materials are either delivered or deliveries are assured to permit construction to proceed in accordance with the construction schedule. The borrower shall obtain from the engineer progress reports and submit one copy of each to the GFR. RUS Form 521 may be used for the construction schedule and the progress report.

(3) *Borrower's management responsibilities.* (i) Obtain all right-of-way easements, permits, etc., prior to construction.

(ii) Maintain records on all expenditures for materials, labor, transportation, and other costs of construction, in order that all costs may be fully accounted for upon completion of construction.

(iii) Ensure that all the required inspections and tests are made.

(4) *Engineer's responsibilities.* (i) Inspect and inventory construction as completed.

(ii) Require timely corrections and cleanup.

(iii) Perform acceptance tests as construction is completed.

(iv) Provide "as built" staking sheets of completed construction when the final inspections are made.

(v) Maintain accurate and current inventories of completed construction.

(5) *Construction supervisor's responsibilities.* (i) Correct construction errors as construction progresses.

(ii) Maintain an accurate inventory of completed construction.

(iii) Perform cleanup as construction is completed.

(iv) Perform all the inspections and acceptance tests a contractor would be required to make under the construction contract.

(v) Promptly perform cleanup required after final inspection.

#### § 1753.58 Closeout documents.

(a) *General.* (1) This section outlines the procedure to be followed in the preparation of closeout documents for the FAP.

(2) The period between the completion of construction and submission of the closeout documents to RUS should not exceed 60 days.

(b) *Documents.* The documents required to close the FAP are listed in appendix E. The following is a brief description of the closeout documents:

(1) Final Inventory and Certificate of Engineer, RUS Forms 817, 817a, and 817b are prepared by the engineer.

(i) Assembly units inventoried on Form 817a shall be grouped according to the applicable plant account classification as specified in 7 CFR part 1770, Revision and Codification of RUS's Accounting System Requirements for Telephone Borrowers of the Rural Utilities Service.

(ii) On Form 817, the engineer provides a comparison between the final inventory total price (based on assembly prices in the approved FAP) and the actual cost of construction (from the borrower's accounting records).

(iii) The actual costs from the borrower's accounting records are not to include costs for (a) engineering, legal and other professional services, (b) interest during construction and (c) preliminary survey charges.

(2) Certificate, "Buy American," RUS Form 213.